

AS

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 96-301-C - ORDER NO. 97-17  
JANUARY 7, 1997

IN RE: Application of Capital Network System, Inc., AMNEX, Inc. and American Network Exchange, Inc. (ANEI) for Approval of Transfer of Assets to ANEI. ) ORDER  
 ) WAIVING  
 ) HEARING,  
 ) APPROVING  
 ) TRANSFER OF  
 ) ASSETS AND  
 ) CANCELLATION  
 ) OF CERTIFICATE

This matter comes before the Public Service Commission of South Carolina (the "Commission") on the Joint Application of Capital Network Systems, Inc. ("CNSI"), American Network Exchange, Inc. ("ANEI"), and AMNEX, Inc. ("AMNEX") (hereinafter collectively referred to as "the Applicants") requesting approval to transfer assets from CNSI to ANEI. The Application was filed pursuant to S. C. Code Ann. Section 58-9-310 (Supp. 1995).

The Commission's Executive Director instructed the Applicants to publish a prepared Notice of Filing in newspapers of general circulation in the areas affected by their Application. The purpose of the Notice of Filing was to inform interested parties of the Application and of the manner and time in which to file comments or pleadings for participation in this proceeding. The Applicants complied with the instructions of the Executive Director and submitted affidavits of publication to this effect.

No Protests or Petitions to Intervene were received by the Commission. Robert D. Coble, Esquire, represented the Applicants.

The Application to the Commission explained the proposed asset transfer. The Applicants assert that the entire transaction will be virtually transparent to the customers, and that the customers will be well served by the transaction, as it will assist in making ANEI more efficient and effective. Both CNSI and ANEI are authorized to provide interexchange services in South Carolina; however, CNSI plans to cease providing telecommunications services in South Carolina after the close of the transaction and upon approval of this Commission.

In 1996, AMNEX, the parent company of CNSI and ANEI, acquired control of CNSI through a reverse triangular merger whereby a wholly-owned, special purpose subsidiary of AMNEX was merged into CNSI and then immediately dissolved. CNSI was the surviving entity and became a wholly-owned subsidiary of AMNEX. At the time CNSI was acquired by AMNEX, the Applicants contemplated that for an interim period, CNSI would continue to provide telecommunications services to its customers, while ANEI prepared to integrate CNSI's domestic operation into its own. ANEI anticipates completion of the consolidation of its operations with those of CNSI in the near future. Once CNSI's domestic operations have been merged with those of ANEI, ANEI will provide telecommunications services to CNSI's former customers, and CNSI will cease to provide telecommunications services in South Carolina.

The Applicants request that this Commission rule upon this matter in an expedited fashion. The Applicants state that all the customers will be given timely and appropriate notice and will receive the same services from ANEI as from CNSI at the same or lower rates than they currently receive. The Applicants also assert that the entire transaction will be seamless. However, if customers choose to change carriers due to the merger, they will be allowed to do so at no charge. Since this merger will occur between affiliates of the same parent company that are both currently certified in South Carolina, we hereby waive the requirement for formal hearing, due to the particular circumstances in this matter.

Upon review and consideration of the Application and the applicable law, the Commission makes the following findings of fact and conclusions of law:

**FINDINGS OF FACT**

1. CNSI is a wholly-owned subsidiary of AMNEX, Inc., and is a Texas corporation which received its South Carolina Certificate of Public Convenience and Necessity in Docket No. 93-697-C, Order No. 94-477 on May 27, 1994.
2. ANEI is a Delaware corporation which received its South Carolina Certificate of Public Convenience and Necessity in Docket No. 87-512-C, Order No. 89-3, and in Docket No. 90-570-C, Order No. 91-69.
3. Both CNSI and ANEI are resellers of interexchange telecommunications services, and both are authorized to provide

intrastate services in South Carolina.

CONCLUSIONS OF LAW

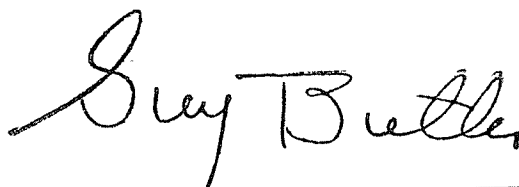
1. The asset transfer described in the Joint Application is in the public interest, and therefore, the Commission approves the requested transfer of assets as stated herein.

2. Upon closure of this transaction, ANEI will provide telecommunications services to CNSI's former customer base at the same rates and under the same terms and conditions provided currently by CNSI.

3. Upon closure of the transaction, CNSI's Certificate of Public Convenience and Necessity shall be cancelled.

4. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director

(SEAL)